

§ 358.8

will be considered a separate conversion transaction and will be charged a separate fee. The fee for any conversion transaction that is rejected by the Department for any reason is non-refundable.

§ 358.8 Crediting of amounts less than one dollar.

Upon the conversion of coupons to CUBES, amounts of less than one dollar in the aggregate per CUBES CUSIP will not be credited to the account of the depository institution.

§ 358.9 Authority of depository institution.

(a) Submission of detached bearer coupons and bearer corpora to the Federal Reserve Bank of New York for conversion to book-entry accounts under the CUBES and BECCS programs constitutes a representation by the depository institution that it has authority to convert the coupons and corpora to book-entry form.

(b) Neither the Department nor the Federal Reserve Bank of New York shall be liable if the depository institution has no authority to convert the detached bearer coupons and bearer corpora to book-entry form or to take other actions in respect to book-entry accounts in CUBES and BECCS.

(c) Neither the Department nor the Federal Reserve Bank of New York shall be liable for any loss incurred by the depository institution which may result from the failure of the depository institution to properly follow the procedures provided by the Federal Reserve Bank of New York.

§ 358.10 Adjustments to or rejection of securities.

In the event that the Department makes an adjustment to or rejects all or part of the submitted securities, the Federal Reserve Bank of New York will instruct the depository institution to transfer CUBES or BECCS securities of the same payment date and face value from the depository institution's account to the Federal Reserve Bank of New York. If no such CUBES or BECCS securities exist in the depository institution's account, the Federal Reserve Bank of New York will instruct the depository institution as to how an ad-

31 CFR Ch. II (7-1-98 Edition)

justment will be made. In the event that the depository institution fails to comply with the instructions of the Federal Reserve Bank of New York within five (5) business days of receipt of the instructions, the Federal Reserve Bank of New York reserves the right to debit the master account of the depository institution for the face value of the rejected detached bearer coupons and bearer corpora. By the submission of the detached bearer coupons and bearer corpora, the depository institution is deemed to agree to this debit.

§ 358.11 Audit and verification of securities.

After processing and initial verification, the Federal Reserve Bank of New York will credit the securities accepted to the depository institution's book-entry account, establishing a securities entitlement in TRADES pursuant to 31 CFR part 357 subpart B. Final verification by the Department will be accomplished within ten (10) business days of receipt of the detached bearer coupons and bearer corpora at the Department. The depository institution shall not trade in the securities prior to final verification. If at any time after this ten (10) day period the Department determines that the security was improperly credited to the CUBES or BECCS account of the depository institution, such as in the case of a previously undetected counterfeit security, the Department reserves the right to adjust the CUBES or BECCS account.

§ 358.12 Separate maintenance of accounts.

CUBES and BECCS accounts will be maintained separately from accounts maintained in Treasury's STRIPS (Separate Trading of Registered Interest and Principal of Securities) program.

§ 358.13 Processing against master accounts.

The depository institution agrees that all charges associated with its CUBES and BECCS accounts, including the conversion fee, will be processed against its master account on the books of a Federal Reserve Bank.